



**MCI Telecommunications  
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Leonard S. Sawicki  
Director  
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EX PARTE OR LATE FILED

# EX PARTE

March 31, 1997

Mr. William F. Caton  
Secretary  
Federal Communications Commission  
Room 222  
1919 M Street NW  
Washington, D.C. 20554

RECEIVED

MAR 31 1997

Federal Communications Commission  
Office of Secretary

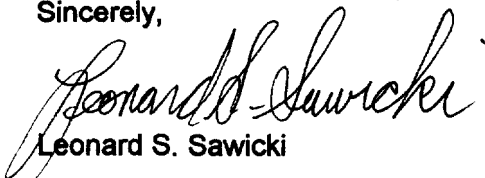
Re: CC Docket 96-45: Universal Service

Dear Mr. Caton:

On Friday, March 28, I provided copies of the attached material to Jon Garcia and Greg Rosston of the Office of Plans and Policy. While the material was developed by MCI for an FCC briefing on billing issues, it answers questions raised by Mr. Garcia in an earlier meeting on universal service concerning the size of the dial-around calling market.

Please include this letter and the enclosed copy on the record of this proceeding.

Sincerely,



Leonard S. Sawicki

Attachment

cc: Mr. Garcia  
Mr. Rosston

No. of Copies rec'd  
List ABCDE

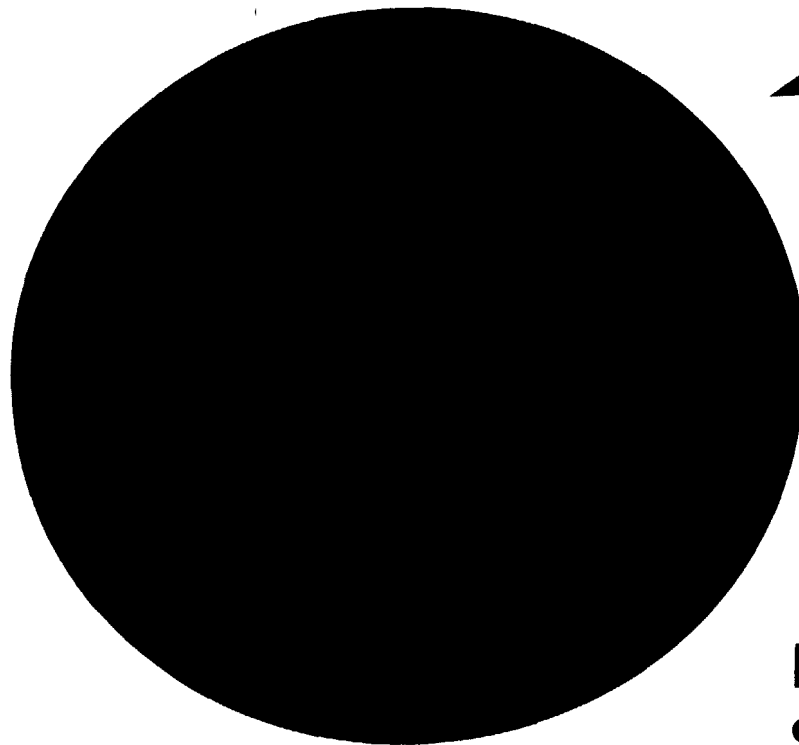
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# ***NON-SUBSCRIBED SERVICES BILLING***

March 28, 1997

***NON-SUBSCRIBED SERVICES COMPRISE A  
LARGE SEGMENT OF THE LONG DISTANCE  
MARKET***



**Transaction  
\$11.6 billion**

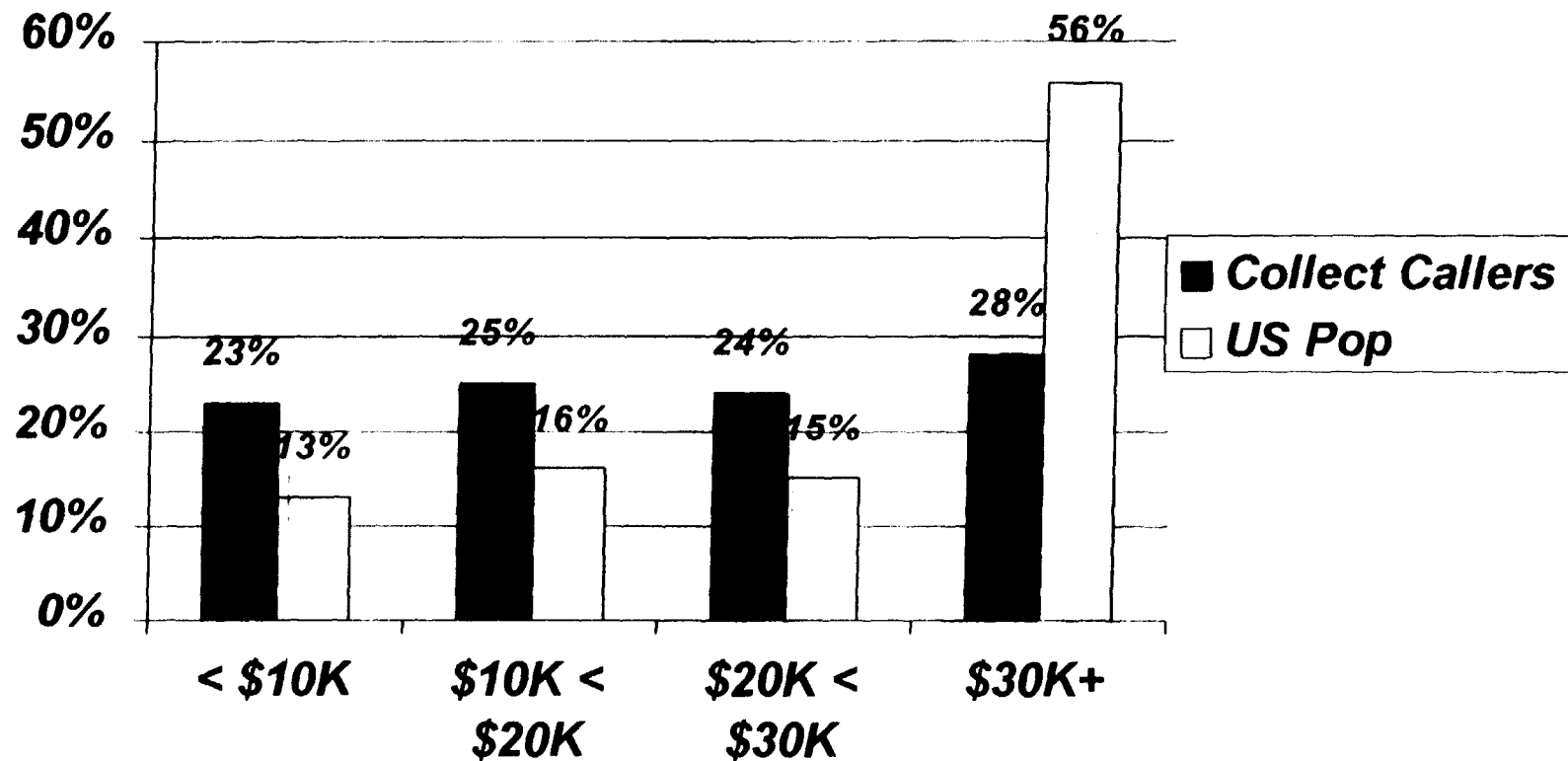
- Collect
- BOC Card
- 3rd Party
- 900 Service
- 10XXX

**Long Distance Market  
\$75 billion**

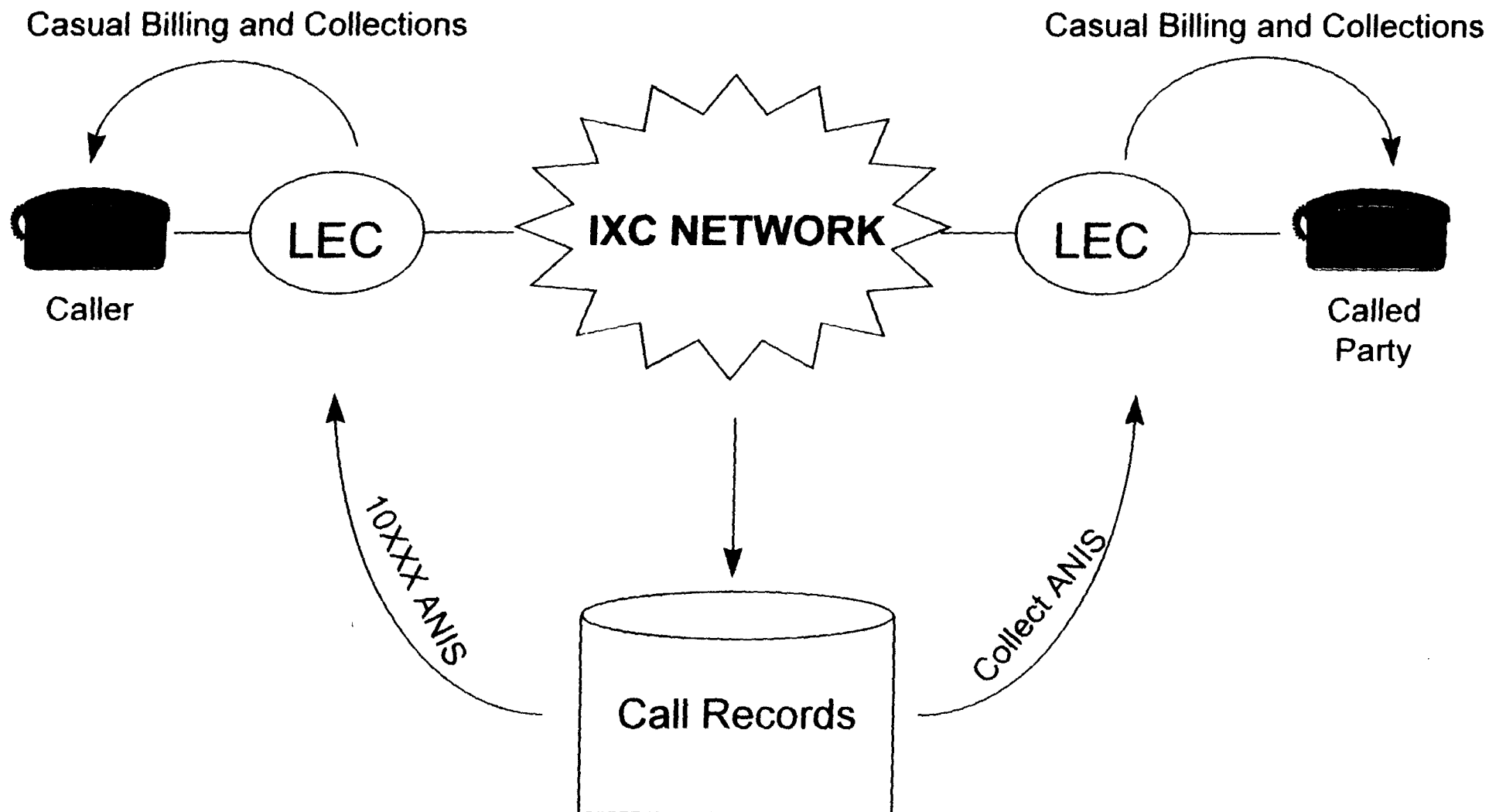
# ***NON-SUBSCRIBED SERVICES FULFILL CRITICAL NEEDS FOR CONSUMERS***

- **UBIQUITOUS AVAILABILITY**
  - Emergencies
  - Alternative to Network Outages
- **SAMPLING WITHOUT CHANGING PIC**
  - \$1.5B Revenue per year for 10XXX that are second tier carriers
- **REPUTABLE INFORMATION SERVICES**
  - Weather, the Pope, Dow Jones

## ***...AND ARE PRIMARILY USED BY LOWER INCOME HOUSEHOLDS***



# ***CURRENT NON-SUBSCRIBED SERVICES ARE POSSIBLE BECAUSE OF CASUAL BILLING CONTRACTS***



## ***THE NEW COMPETITIVE ENVIRONMENT DICTATES SIGNIFICANT CHANGES...***

- **CASUAL BILLING TO SOME CONSUMERS MIGHT NOT BE POSSIBLE**
  - Optional for LECs to provide
- **THE NUMBER OF LOCAL PROVIDERS WILL INCREASE**
  - Further fragments casual bill outclearing
  - Challenges of what LEC to bill through when local PICs are churning daily
- **FINDING THE BILL PAYER MIGHT NOT BE POSSIBLE**
  - If no BNA from C-LECs

**... UBIQUITY OF NON-SUBSCRIBED SERVICES  
BILLING IS CHALLENGED**

***LEC'S WHO RESTRICT CASUAL BILLING  
WILL STIFLE COMPETITION FROM OTHER  
NON-SUBSCRIBED SERVICE PROVIDERS***

- **CARRIERS FORCED TO DIRECT BILL WILL BE AT A TREMENDOUS COST DISADVANTAGE**
- **UBIQUITY ASSOCIATED WITH COLLECT CALLING WILL BEGIN TO FRAGMENT**
  - Carriers will be forced to block calls that terminate in areas where casual billing doesn't exist
- **INCREASED BILLING COSTS COULD ADVERSELY IMPACT RATES ON 10XXX AND COLLECT RATES**